



Overall  Rating



(VLIFX)
Among 538 Mid-Cap
Growth Funds
(as of 12/31/21)

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the Fund's 3, 5, and 10-year (if applicable) Morningstar metrics.

Fund Facts

Symbol

Investor VLIFX
Institutional VLMIX

Inception Date

Investor 3/1/50
Institutional 8/11/17

Total Assets

\$495M
(as of 12/31/21)

Top 10 Holdings

(as of 12/31/21)

Company	Weight (%)
Pool Corp	6.13
Teledyne Technologies Inc	5.69
Cadence Design Systems Inc	5.63
Tyler Technologies Inc	4.92
Gartner Inc	4.92
Church & Dwight Co Inc	4.50
Mettler-Toledo International Inc	4.39
American Financial Group Inc	4.30
Lennox International Inc	4.05
Chemed Corp	4.03

Value Line Funds

443.279.2015
www.vlfunds.com

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX/VLMIX)

Q1: Would you please comment on the Fund's performance in the fourth quarter and for the year ended December 31, 2021 relative to the Morningstar Mid-Cap Growth Funds category average?

We are pleased the Fund outperformed the Morningstar Mid-Cap Growth Funds category average for both the three months and the year ended December 31, 2021. The Fund rose 11.20% in the fourth quarter, outperforming the category's 2.76% for the same period. In addition, the Fund's return of 19.88% surpassed the category average by 683 basis points for the year ended December 31, 2021.

We believe the Fund's solid returns are primarily due to our investment process of owning companies that have demonstrated 10+ years of consistent growth in both stock price and earnings. In addition to outperformance during the recent period, the Fund has also produced consistent results over the long term. In fact, the Fund is **one out of only four funds** in the Morningstar 50-70% Equity Allocation Funds category (out of 125 unique funds) to achieve **13 consecutive calendar years of positive total returns**.

Please visit the Fund's [performance page](#) for complete performance information.

Q2: Would you please describe the stocks and sectors that meet your investment criteria?

Our investment process emphasizes individual stocks, rather than sector. The Fund is a concentrated portfolio of our 25-50 "best ideas"—primarily mid-sized companies that have demonstrated 10 or more years of consistent growth in both stock price and earnings. Sector weightings are a byproduct of the companies that meet these stringent criteria.

The Fund includes companies from a variety of industries. Some examples of companies meeting our investment criteria are Ansys Inc. (ANSS), which develops engineering simulation software; Pool Corp. (POOL), the distributor of swimming pool supplies and related products; Mettler-Toledo International Inc. (MTD), which supplies instruments primarily for the life sciences industry; and Arch Capital Group Ltd. (ACGL), an insurance provider.

Q3: What is the Fund's risk/reward profile?

Because the Fund owns companies with long-term consistent growth in earnings and stock price, the portfolio has been able to provide a "smoother ride" for investors. Companies that have grown consistently for 10 years have demonstrated their ability to succeed in a variety of market and economic conditions. As a result, the Fund has a favorable risk/reward profile as illustrated by its Sharpe Ratio, a measure of risk-adjusted return. The Fund's Sharpe Ratio outperformed its peers in the Morningstar Mid-Cap Growth Funds category for the 3, 5 and 10-year periods ended December 31, 2021. In fact, the Fund's Sharpe Ratio ranks in the top 1% of funds in the category for the 10-year period ended December 31, 2021. In addition, the Fund has been awarded Morningstar's "Low" Risk Rating for the same time periods.

Continued on next page

	3 Year	5 Year	10 Year
Mid Cap Focused Fund (VLIFX) Sharpe Ratio	1.34	1.18	1.20
Morningstar Mid-Cap Growth Funds Cat. Avg. Sharpe Ratio	1.22	0.98	0.97
Fund Risk Rating	Low	Low	Low

Source: Morningstar as of 12/31/21

Q4: Were any changes made to the portfolio in the fourth quarter?

The Fund is a concentrated portfolio of our “best ideas” among mid-cap companies. Generally, we hold 25-50 high-quality companies that have demonstrated 10+ years of consistent growth in both stock price and earnings. Because of our long-term view, we typically make few changes but prefer to hold companies while allowing them to grow. We did not make any changes to the Fund’s holdings during the fourth quarter, and still holds 29 companies as of December 31, 2021.

Portfolio Manager



Stephen E. Grant

Portfolio Manager

Stephen E. Grant has been a portfolio manager with the Value Line Funds since 1991. Over the past 30 years, Mr. Grant’s unique quantitative/behavioral methodology has driven the success of several equity and hybrid funds. Mr. Grant has a B.A. in Economics from Stanford University and an MBA in Finance from the Wharton School of the University of Pennsylvania.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund’s short term performance. Current performance may be lower or higher than figures shown. The investment return and principal value will fluctuate so that an investor’s shares, when redeemed may be worth more or less than their original cost. Past performance data through the most recent month end is available at vlfunds.com or by calling 800.243.2729. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund’s prospectus and summary prospectus, which can be obtained free of charge from your investment representative, by calling 800.243.2729, or by clicking on the applicable fund at www.vlfunds.com. Please read it carefully before you invest or send money.

The average annual returns shown above are historical and reflect changes in share price, reinvested dividends and are net of expenses. Investment results and the principal value of an investment will vary.

There are risks associated with investing in small and mid-cap stocks, which tend to be more volatile and less liquid than stocks of large companies, including the risk of price fluctuations.

The Morningstar Rating™ for funds, or “star rating” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Fund received 3 stars for the 3-year period and 4 stars for the 5- and 10-year periods ended 12/31/21, among 538, 491 and 380 mid-cap growth funds, respectively.

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